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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover All Present and Future Costs in Rates.

Application 12-04-019  
(Filed April 23, 2012)

**ADMINISTRATIVE LAW JUDGE'S RULING UPDATING SCHEDULE**

This Ruling confirms the electronic Ruling I issued on August 13, 2014. On August 11, 2014, the Commission's Energy Division informed the assigned Commissioner and assigned Administrative Law Judges (ALJ) that there are delays in preparing the Draft Environmental Impact Report (DEIR) for the Monterey Peninsula Water Supply Project (MPWSP). These delays will make it impossible to meet the 3<sup>rd</sup> quarter 2014 publication date for the DEIR. Energy Division therefore requests a four-month delay in the publication of the DEIR, and states that publication of the DEIR would occur in January 2015, with publication of the Final Environmental Impact Report (FEIR) anticipated in July 2015.

After consultation with the assigned Commissioner's office, I grant Energy Division's request. While a delay is very regrettable, we agree that it is unavoidable for several reasons.

First, it is important that the DEIR and FEIR comply with the State Water Resources Control Board's recommendation that the Commission's

environmental review include information and analysis to determine whether implementation of the proposed MPWSP can proceed without violating other users' groundwater rights. As set forth in the Energy Division letter, acquiring the permits for the 13 boreholes, which provide critical information regarding stratigraphic relationships, hydraulic conductivity, and water quality, took longer than anticipated. In addition, there appears to be agreement among members of the Hydrogeology Working Group regarding the results of the borehole data and the conceptual model of the groundwater basin. Such collaboration is encouraging, but has required additional time. Hence, the groundwater modeling results for the proposed project has been significantly delayed.

Second, additional time is needed to assess cumulative effects of the MPWSP on seawater intrusion in conjunction with future operations of the Castroville Seawater Intrusion Project and the Salinas Valley Water Project (SVWP). On June 25, 2014, the Monterey County Water Resources Agency released a Notice of Preparation for an Environmental Impact Report (EIR) on the SVWP, Phase II. This project seeks to capture and divert surface water from the Salinas River to enhance the management of water resources and combat seawater intrusion in Monterey County. Because this project description is quite different from that anticipated in the previous Phase II concept, additional time is required to update the groundwater modeling to address this foreseeable project.

Third, Energy Division is concerned that the delay in groundwater modeling could adversely impact the ability of the Monterey Regional Water Pollution Control Agency to meet the schedule for the Groundwater

Replenishment Project EIR. This project was described most recently in the proposed Comprehensive Settlement Agreement, dated July 31, 2013.

Given all of these factors, it is reasonable to grant Energy Division's requested delay for publication of the DEIR and FEIR. The updated schedule is set forth below. Energy Division's letter is attached.

CPCN Track		CEQA Track	
		No later than January 30, 2015	DEIR circulated for comment
15 days after issuance of DEIR (no later than February 17, 2015)	Cal-Am to file and serve a common outline for legal and policy briefs, after consultation with parties		
		45 days after issuance of DEIR (no later than March 16, 2015)	Comments on DEIR due
60 days after issuance of DEIR (no later than April 1, 2015)	Common Outline Opening Briefs filed and served on legal and policy issues		
75 days after issuance of DEIR (no later than April 16, 2015)	Reply Briefs filed and served on legal and policy issues		
July 2015	Phase 1 of the Proceeding submitted with the publication of the FEIR	July, 2015 (no later than July 30, 2015)	FEIR published

3rd Quarter 2015	Phase 1 Proposed Decision addressing certification of FEIR and issuance of CPCN		
3rd Quarter 2015	Target for Commission Action on Phase 1 Proposed Decision		

### Comments on Phase 2 Schedule

Given the anticipated delay in the environmental review of the Groundwater Replenishment Project, it appears that the anticipated schedule for Phase 2 of this proceeding should be modified. Parties should comment on whether the schedule for Phase 2 of this proceeding should be revised and provide a proposed schedule. The current schedule was set forth in the *Assigned Commissioner's Scoping Memo* dated September 25, 2013, and is set forth below. Comments shall be filed and served on September 15, 2014. No reply comments are necessary.

September 15, 2014	Comments due on whether Phase 2 schedule should be revised
December 2014	Phase 2 (GWR decision phase) commences with testimony of interested parties

January 2015	Settlement discussions
January 2015	Concurrent Rebuttal Testimony
February 2015	Evidentiary Hearings
March 2015	Briefing
June 2015	Target for Phase 2 Proposed Decision
July 2015	Target for Commission action on Phase 2 Decision

**IT IS SO RULED.**

Dated August 21, 2014, at San Francisco, California.

/s/ ANGELA K. MINKIN

Angela K. Minkin  
Administrative Law Judge

# ATTACHMENT

STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 11, 2014

ALJs Weatherford and Minkin, and Commissioner Peavey  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Schedule Delays for the MPWSP DEIR

Dear ALJs Weatherford and Minkin, and Assigned Commissioner Peavey:

The CPUC Energy Division has encountered delays that we believe will make it impossible for us to meet the scheduled 3<sup>rd</sup> quarter 2014 publication date for the Monterey Peninsula Water Supply Project (MPWSP) Draft Environmental Impact Report (EIR). Energy Division accordingly requests a four-month extension of the schedule to allow the MPWSP EIR team to complete the necessary analyses and adequately address the technical issues surrounding the project. With the extension, publication of the MPWSP Draft EIR would occur in January 2015 and certification of the Final EIR in July 2015.

In response to the State Water Resources Control Board's (SWRCB) recommendation that the CPUC's environmental review include information and analysis to determine whether implementation of the proposed MPWSP could proceed without violating other users' groundwater rights in the Salinas Valley Groundwater Basin<sup>1</sup>, a series of 13 boreholes ranging from 250 to 350 feet below ground surface were drilled throughout the coastal area of the Salinas Valley Groundwater Basin, from Marina in the south to Moss Landing in the north. These boreholes provided critical information regarding stratigraphic relationships, lithology, hydraulic conductivity, and water quality, and there appears to be agreement among the Hydrogeology Working Group<sup>2</sup> members regarding the investigative results of the borehole data and conceptual model of the Groundwater Basin. This reflects substantial progress towards minimizing technical disagreements amongst the parties. However, acquiring permits for the 13 boreholes and collaboration among the expert hydrogeologists has taken more time than previously allotted. As a result, the groundwater modeling results for the proposed project have been delayed and are still forthcoming.

This groundwater modeling is essential for preparation of the EIR, and is based upon the SWRCB recommendations that: (1) further investigations be performed to determine the extent of the Dune Sand Aquifer, the Salinas Valley Aquitard, and the 180-Foot Aquifer, and assess the water quality and quantity of the Dune Sand Aquifer; (2) a series of boreholes and aquifer tests be conducted to assess the underlying hydrogeology and establish

<sup>1</sup> Final Review of California American Water Company's Monterey Peninsula Water Supply Project, July 31, 2013

<sup>2</sup> The Hydrogeology Working Group was formed as a result of the August 2013 Large Settlement Agreement

baseline conditions; and (3) groundwater modeling be used to predict changes in groundwater levels, groundwater flow direction, and changes in the extent and boundary of the seawater interface. The SWRCB also recommended that groundwater modeling be used to assess the cumulative effects of the MPWSP on seawater intrusion in conjunction with future operations of the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Water Project (SVIP).

In addition, on June 25, 2014, the Monterey County Water Resources Agency (MCWRA) released a Notice of Preparation for an EIR on the proposed Salinas Valley Water Project (SVWP) Phase II. The project description of the SVWP Phase II, which seeks to capture and divert surface water from the Salinas River (consistent with MCWRA's Water Rights Application #11043) and deliver the water to the East Side and Pressure Subareas to enhance the management of water resources and combat seawater intrusion in Monterey County, is very different from the previous Phase II concept. Populating the groundwater model with the appropriate parameters to predict cumulative changes in groundwater conditions with and without future operations of the revised SVWP has further contributed to delays in the groundwater modeling.

Finally, we are also concerned that the delay in groundwater modeling could jeopardize the ability of the Monterey Regional Water Pollution Control Agency (MRWPCA) to meet their California Environmental Quality Act (CEQA) review schedule for the Groundwater Replenishment (GWR) project EIR, as set forth in the August 2013 Settlement Agreement. We would support a similar extension of time for the MRWPCA's GWR EIR.

While we recognize the need to complete CEQA review for this project as expeditiously as possible, we believe that in the long run, a four-month extension of the deadline for the Draft EIR would strengthen the EIR analysis and provide better information to the Commission, the parties, and the community.

Sincerely,



Andrew Barnsdale

cc: Edward Randolph, Director  
Meredith Sterkel, Program Manager  
Jason Reiger, Supervisor - CEQA Legal  
Peter Allen, CEQA Legal

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